



3015 (02-09-04)

ANNUAL REPORT

OF

Name: FREDERIC WATER UTILITY

Principal Office: 107 OAK STREET WEST
P.O. BOX 567
FREDERIC, WI 54837

For the Year Ended: DECEMBER 31, 1998

WATER, ELECTRIC, OR JOINT UTILITY
TO
PUBLIC SERVICE COMMISSION OF WISCONSIN

P.O. Box 7854
Madison, WI 53707-7854
(608) 266-3766

This form is required under Wis. Stat. § 196.07. Failure to file the form by the statutory filing date can result in the imposition of a penalty under Wis. Stat. § 196.66. The penalty which can be imposed by this section of the statutes is a forfeiture of not less than \$25 nor more than \$5,000 for each violation. Each day subsequent to the filing date constitutes a separate and distinct violation. The filed form is available to the public and personally identifiable information may be used for purposes other than those related to public utility regulation.

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IDENTIFICATION AND OWNERSHIP

Exact Utility Name: FREDERIC WATER UTILITY**Utility Address:** 107 OAK STREET WEST

P.O. BOX 567

FREDERIC, WI 54837

When was utility organized? 1/1/1904**Report any change in name:****Effective Date:****Utility Web Site:**

Utility employee in charge of correspondence concerning this report:

Name: MR RALPH M PELLE**Title:** SECRETARY**Office Address:**

107 OAK STREET EAST

P.O. BOX 567

FREDERIC, WI 54837

Telephone: (715) 327 - 4294**Fax Number:** (715) 327 - 4455**E-mail Address:**

Individual or firm, if other than utility employee, preparing this report:

Name: MR STEVEN A. SCHEIDLER CPA**Title:** CERTIFIED PUBLIC ACCOUNTANT**Office Address:** TRACEY AND THOLE

502 SECOND STREET

HUDSON, WI 54016

Telephone: (715) 386 - 2391**Fax Number:** (715) 386 - 0535**E-mail Address:**

Are records of utility audited by individuals or firms, other than utility employee? YES

Individual or firm, if other than utility employee, auditing utility records:

Name: MR STEVEN A. SCHEIDLER CPA**Title:** CERTIFIED PUBLIC ACCOUNTANT**Office Address:** TRACEY AND THOLE, S.C.

502 SECOND STREET

HUDSON, WI 54016

Telephone: (715) 386 - 2391**Fax Number:** (715) 386 - 0535**E-mail Address:****Date of most recent audit report:** 3/14/1998**Period covered by most recent audit:** 1997

IDENTIFICATION AND OWNERSHIP

Names and titles of utility management including manager or superintendent:

Name: KENNETH L HACKETT**Title:** SUPERINTENDENT**Office Address:**

107 OAK STREET EAST

P.O. BOX 567

FREDERIC, WI 54837

Telephone: (715) 327 - 4294**Fax Number:** (715) 327 - 4455**E-mail Address:**

Name of utility commission/committee: FREDERIC WATER COMMISSION

Names of members of utility commission/committee:

MILTON DAEFFLER, PRESIDENT

LAVERNE MILLER

GORDON ROGERS

Is sewer service rendered by the utility? NO**If "yes," has the municipality, by ordinance, combined the water and sewer service into a single public utility, as provided by Wis. Stat. § 66.077 of the Wisconsin Statutes?** NO**Date of Ordinance:** **Are any of the utility administrative or operational functions under contract or agreement with an outside provider for the year covered by this annual report and/or current year (i.e., operation of water or sewer treatment plant)?** NO

Provide the following information regarding the provider(s) of contract services:

Firm Name:

Contact Person:**Title:****Telephone:****Fax Number:****E-mail Address:**

Contract/Agreement beginning-ending dates:**Provide a brief description of the nature of Contract Operations being provided:**

INCOME STATEMENT

Particulars (a)	This Year (b)	Last Year (c)	
UTILITY OPERATING INCOME			
Operating Revenues (400)	135,506	118,188	1
Operating Expenses:			
Operation and Maintenance Expense (401)	78,423	79,828	2
Depreciation Expense (403)	19,893	18,736	3
Amortization Expense (404)	0	0	4
Taxes (408)	22,226	21,199	5
Total Operating Expenses	120,542	119,763	
Net Operating Income	14,964	(1,575)	
Income from Utility Plant Leased to Others (412-413)	0	0	6
Utility Operating Income	14,964	(1,575)	
OTHER INCOME			
Income from Merchandising, Jobbing and Contract Work (415-416)	0	0	7
Nonoperating Rental Income (418)	1,000	1,000	8
Interest and Dividend Income (419)	5,644	5,058	9
Miscellaneous Nonoperating Income (421)	0	0	10
Total Other Income	6,644	6,058	
Total Income	21,608	4,483	
MISCELLANEOUS INCOME DEDUCTIONS			
Miscellaneous Amortization (425)	0	0	11
Other Income Deductions (426)	0	0	12
Total Miscellaneous Income Deductions	0	0	
Income Before Interest Charges	21,608	4,483	
INTEREST CHARGES			
Interest on Long-Term Debt (427)	0	0	13
Amortization of Debt Discount and Expense (428)			14
Amortization of Premium on Debt--Cr. (429)			15
Interest on Debt to Municipality (430)	0	0	16
Other Interest Expense (431)	0	0	17
Interest Charged to Construction--Cr. (432)			18
Total Interest Charges	0	0	
Net Income	21,608	4,483	
EARNED SURPLUS			
Unappropriated Earned Surplus (Beginning of Year) (216)	387,726	383,243	19
Balance Transferred from Income (433)	21,608	4,483	20
Miscellaneous Credits to Surplus (434)	0	0	21
Miscellaneous Debits to Surplus--Debit (435)	0	0	22
Appropriations of Surplus--Debit (436)	0	0	23
Appropriations of Income to Municipal Funds--Debit (439)	0	0	24
Total Unappropriated Earned Surplus End of Year (216)	409,334	387,726	

INCOME STATEMENT ACCOUNT DETAILS

1. Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.
2. Nonregulated sewer income should be reported as Miscellaneous Nonoperating Income, Account 421.

Description of Item (a)	Amount (b)	
Revenues from Utility Plant Leased to Others (412):		
NONE		1
Total (Acct. 412):	0	
Expenses of Utility Plant Leased to Others (413):		
NONE		2
Total (Acct. 413):	0	
Nonoperating Rental Income (418):		
BUILDING RENTAL	1,000	3
Total (Acct. 418):	1,000	
Interest and Dividend Income (419):		
INTEREST ON INVESTMENTS	5,644	4
Total (Acct. 419):	5,644	
Miscellaneous Nonoperating Income (421):		
NONE		5
Total (Acct. 421):	0	
Miscellaneous Amortization (425):		
NONE		6
Total (Acct. 425):	0	
Other Income Deductions (426):		
NONE		7
Total (Acct. 426):	0	
Miscellaneous Credits to Surplus (434):		
NONE		8
Total (Acct. 434):	0	
Miscellaneous Debits to Surplus (435):		
NONE		9
Total (Acct. 435)--Debit:	0	
Appropriations of Surplus (436):		
Detail appropriations to (from) account 215		10
Total (Acct. 436)--Debit:	0	
Appropriations of Income to Municipal Funds (439):		
NONE		11
Total (Acct. 439)--Debit:	0	

INCOME FROM MERCHANDISING, JOBBING & CONTRACT WORK (ACCTS. 415-416)

Particulars (a)	Water (b)	Electric (c)	Sewer (d)	Gas (e)	Total (f)	
Revenues (account 415)					0	1
Costs and Expenses of Merchandising, Jobbing and Contract Work (416):						
Cost of merchandise sold					0	2
Payroll					0	3
Materials					0	4
Taxes					0	5
Other (list by major classes):						
NONE					0	6
Total costs and expenses	0	0	0	0	0	
Net income (or loss)	0	0	0	0	0	

REVENUES SUBJECT TO WISCONSIN REMAINDER ASSESSMENT

1. Report data necessary to calculate revenue subject to Wisconsin remainder assessment pursuant to Wis. Stat. § 196.85(2) and Wis. Admin. Code Ch. PSC 5.
2. If the sewer department is not regulated by the PSC, do not report sewer department data in column (d).

Description (a)	Water Utility (b)	Electric Utility (c)	Sewer Utility (Regulated Only) (d)	Gas Utility (e)	Total (f)	
Total operating revenues	135,506	0	0	0	135,506	1
Less: interdepartmental sales	0		0	0	0	2
Less: interdepartmental rents					0	3
Less: return on net investment in meters charged to regulated sewer department. (Do not report if nonregulated sewer.)	0				0	4
Less: uncollectibles directly expensed as reported in water acct. 904 (690 class D), sewer acct. 843, and electric acct. 904 (590 class D) -or- Net write-offs when Accumulated Provision for Uncollectible Accounts (acct. 144) is maintained					0	5
Other Increases or (Decreases) to Operating Revenues - Specify: NONE					0	6
Revenues subject to Wisconsin Remainder Assessment	135,506	0	0	0	135,506	

BALANCE SHEET

Assets and Other Debits (a)	Balance End of Year (b)	Balance First of Year (c)	
UTILITY PLANT			
Utility Plant (100)	1,121,007	1,044,246	1
Less: Accumulated Provision for Depreciation and Amortization of Utility Plant (110)	359,658	339,005	2
Net Utility Plant	761,349	705,241	
OTHER PROPERTY AND INVESTMENTS			
Nonutility Property (121)	0	0	3
Less: Accumulated Provision for Depreciation and Amortization of Nonutility Property (122)	0	0	4
Net Nonutility Property	0	0	
Investment in Municipality (123)	0	0	5
Other Investments (124)	0	0	6
Special Funds (125)	132,043	83,509	7
Total Other Property and Investments	132,043	83,509	
CURRENT AND ACCRUED ASSETS			
Cash and Working Funds (131)	77,947	74,834	8
Temporary Cash Investments (132)	0	25,513	9
Notes Receivable (141)	0	0	10
Customer Accounts Receivable (142)	23,913	18,319	11
Other Accounts Receivable (143)	62,104	35,583	12
Accumulated Provision for Uncollectible Accounts- -Cr. (144)	0	0	13
Receivables from Municipality (145)	0	0	14
Materials and Supplies (150)	4,805	5,084	15
Prepayments (165)	0	0	16
Other Current and Accrued Assets (170)			17
Total Current and Accrued Assets	168,769	159,333	
DEFERRED DEBITS			
Unamortized Debt Discount and Expense (181)	0	0	18
Extraordinary Property Losses (182)	0	0	19
Other Deferred Debits (183)	0	10,365	20
Total Deferred Debits	0	10,365	
Total Assets and Other Debits	1,062,161	958,448	

BALANCE SHEET

Liabilities and Other Credits (a)	Balance End of Year (b)	Balance First of Year (c)	
PROPRIETARY CAPITAL			
Capital Paid in by Municipality (200)	298,329	290,718	21
Appropriated Earned Surplus (215)			22
Unappropriated Earned Surplus (216)	409,334	387,726	23
Total Proprietary Capital	707,663	678,444	
LONG-TERM DEBT			
Bonds (221)	0		24
Advances from Municipality (223)	0	0	25
Other long-Term Debt (224)	0	0	26
Total Long-Term Debt	0	0	
CURRENT AND ACCRUED LIABILITIES			
Notes Payable (231)	0	0	27
Accounts Payable (232)	591	63	28
Payables to Municipality (233)	62,008	35,487	29
Customer Deposits (235)			30
Taxes Accrued (236)	0	0	31
Interest Accrued (237)	0	0	32
Other Current and Accrued Liabilities (238)			33
Total Current and Accrued Liabilities	62,599	35,550	
DEFERRED CREDITS			
Unamortized Premium on Debt (251)	0	0	34
Customer Advances for Construction (252)			35
Other Deferred Credits (253)	0	0	36
Total Deferred Credits	0	0	
OPERATING RESERVES			
Miscellaneous Operating Reserves (265)			37
Total Operating Reserves	0	0	
CONTRIBUTIONS IN AID OF CONSTRUCTION			
Contributions in Aid of Construction (271)	291,899	244,454	38
Total Liabilities and Other Credits	1,062,161	958,448	

NET UTILITY PLANT

Report utility plant accounts and related accumulated provisions for depreciation and amortization after allocation of common plant accounts and related provisions for depreciation and amortization to utility departments as of December 31.

Particulars (a)	Water (b)	Sewer (c)	Gas (d)	Electric (e)	
Plant Accounts:					
Utility Plant in Service (100)	1,121,007	0	0	0	1
Utility Plant Purchased or Sold (391)					2
Utility Plant in Process of Reclassification (392)					3
Utility Plant Leased to Others (393)					4
Property Held for Future Use (394)					5
Construction Work in Progress (395)					6
Utility Plant Acquisition Adjustments (396)					7
Other Utility Plant Adjustments (397)					8
Total Utility Plant	1,121,007	0	0	0	
Accumulated Provision for Depreciation and Amortization:					
Accumulated Provision for Depreciation of Utility Plant in Service (110)	359,658	0	0	0	9
Total Accumulated Provision	359,658	0	0	0	
Net Utility Plant	761,349	0	0	0	

ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

Depreciation Accruals (Credits) during the year:

1. Report the amounts charged in the operating sections to Depreciation Expense (403).
2. If sewer operations are nonregulated, do not report sewer depreciation on this schedule.
3. Report the Depreciation Expense on Meters charged to sewer operations as an addition in the Water column.
If the sewer is also a regulated utility by the PSC, report an equal amount as a reduction in the Sewer column.
4. Report all other accruals charged to other accounts, such as to clearing accounts.

Particulars (a)	Water (b)	(c)	(d)	(e)	Total (f)	
Balance first of year	339,005				339,005	1
Credits During Year						2
Accruals:						3
Charged depreciation expense (403)	19,893				19,893	4
Depreciation expense on meters						5
charged to sewer (see Note 3)	1,158				1,158	6
Accruals charged other						7
accounts (specify):						8
					0	9
Salvage	1,237				1,237	10
Other credits (specify):						11
					0	12
Total credits	22,288	0	0	0	22,288	13
Debits during year						14
Book cost of plant retired	1,635				1,635	15
Cost of removal					0	16
Other debits (specify):						17
					0	18
Total debits	1,635	0	0	0	1,635	19
Balance End of Year	359,658	0	0	0	359,658	20
Composite Depreciation Rate?	Yes					21
If yes, what is the rate?	1.95%					22

NET NONUTILITY PROPERTY (ACCTS. 121 & 122)

1. Report separately each item of property with a book cost of \$5,000 or more included in account 121.
2. Other items may be grouped by classes of property.
3. Describe in detail any investment in sewer department carried in this account.

Description (a)	Balance First of Year (b)	Additions During Year (c)	Deductions During Year (d)	Balance End of Year (e)	
Nonregulated sewer plant	0			0	1
Other (specify):					
NONE	0			0	2
Total Nonutility Property (121)	0	0	0	0	
Less accum. prov. depr. & amort. (122)	0			0	3
Net Nonutility Property	0	0	0	0	

ACCUMULATED PROVISION FOR UNCOLLECTIBLE ACCOUNTS-CR. (ACCT. 144)

Particulars (a)	Amount (b)	
Balance first of year	0	1
Additions:		
Provision for uncollectibles during year		2
Collection of accounts previously written off: Utility Customers		3
Collection of accounts previously written off: Others		4
Total Additions	<u>0</u>	
Deductions:		
Accounts written off during the year: Utility Customers		5
Accounts written off during the year: Others		6
Total accounts written off	<u>0</u>	
Balance end of year	<u><u>0</u></u>	

MATERIALS AND SUPPLIES

Account (a)	Generation (b)	Transmission (c)	Distribution (d)	Other (e)	Total End of Year (f)	Amount Prior Year (g)	
Electric Utility							
Fuel for generation					0	0	1
Other					0	0	2
Total Electric Utility					0	0	

Account	Total End of Year	Amount Prior Year	
Electric utility total	0	0	1
Water utility	4,805	5,084	2
Sewer utility		0	3
Gas utility		0	4
Merchandise		0	5
Other materials & supplies		0	6
Total Materials and Supplies	4,805	5,084	

**UNAMORTIZED DEBT DISCOUNT & EXPENSE & PREMIUM ON DEBT
(ACCTS. 181 AND 251)**

Report net discount and expense or premium separately for each security issue.

Debt Issue to Which Related (a)	Written Off During Year		Balance End of Year (d)	
	Amount (b)	Account Charged or Credited (c)		
Unamortized debt discount & expense (181)				
NONE				1
Total			<u>0</u>	
Unamortized premium on debt (251)				
NONE				2
Total			<u>0</u>	

CAPITAL PAID IN BY MUNICIPALITY (ACCT. 200)

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D, sewer and privates) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Amount (b)	
Balance first of year	290,718	1
Changes during year (explain):		
VILLAGE SHARE OF THIRD AVE EXTENSION SEE PG F-21	7,611	2
Balance end of year	298,329	

BONDS (ACCT. 221)

1. Report hereunder information required for each separate issue of bonds.
2. If there is more than one interest rate for an aggregate obligation issue, average the interest rates and report one rate.
3. Proceeds advanced by the municipality from sale of general obligation bonds, if repayable by utility, should be included in account 223.

Description of Issue (a)	Date of Issue (b)	Final Maturity Date (c)	Interest Rate (d)	Principal Amount End of Year (e)
-------------------------------------	----------------------------------	--	----------------------------------	---

NONE

NOTES PAYABLE & MISCELLANEOUS LONG-TERM DEBT

1. Report each class of debt included in Accounts 223, 224 and 231.
2. Proceeds of general obligation issues, if subject to repayment by the utility, should be included in Account 223.
3. If there is more than one interest rate for an aggregate obligation issue, average the interest rates and report one rate.

Account and Description of Obligation (a and b)	Date of Issue (c)	Final Maturity Date (d)	Interest Rate (e)	Principal Amount End of Year (f)
--	----------------------------------	--	----------------------------------	---

NONE

TAXES ACCRUED (ACCT. 236)

Particulars (a)	Amount (b)	
Balance first of year	0	1
Accruals:		
Charged water department expense	22,226	2
Charged electric department expense		3
Charged sewer department expense	565	4
Other (explain):		
NONE		5
Total Accruals and other credits	22,791	
Taxes paid during year:		
County, state and local taxes	20,120	6
Social Security taxes	2,531	7
PSC Remainder Assessment	140	8
Other (explain):		
NONE		9
Total payments and other debits	22,791	
Balance end of year	0	

INTEREST ACCRUED (ACCT. 237)

1. Report below interest accrued on each utility obligation.
2. Report Customer Deposits under Account 231.

Description of Issue (a)	Interest Accrued Balance First of Year (b)	Interest Accrued During Year (c)	Interest Paid During Year (d)	Interest Accrued Balance End of Year (e)	
Bonds (221)					
NONE	0			0	1
Subtotal	0	0	0	0	
Advances from Municipality (223)					
NONE	0			0	2
Subtotal	0	0	0	0	
Other long-Term Debt (224)					
NONE	0			0	3
Subtotal	0	0	0	0	
Notes Payable (231)					
NONE	0			0	4
Subtotal	0	0	0	0	
Total	0	0	0	0	

CONTRIBUTIONS IN AID OF CONSTRUCTION (ACCOUNT 271)

Particulars (a)	Water (b)	Electric		Sewer (e)	Gas (f)	Total (g)	
		Distribution (c)	Other (d)				
Balance First of Year	244,454	0	0	0	0	244,454	1
Add credits during year:							
For Services	10,474					10,474	2
For Mains	28,015					28,015	3
Other (specify):							
HYDRANTS	9,499					9,499	4
Deduct charges (specify):							
REFUND PRIOR YEARS CHARGE	543					543	5
Balance End of Year	291,899	0	0	0	0	291,899	
Amount of federal and state grants in aid received for utility construction included in End of Year totals	0					0	6

BALANCE SHEET END-OF-YEAR ACCOUNT BALANCES

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Balance End of Year (b)	
Investment in Municipality (123):		
NONE		1
Total (Acct. 123):	0	
Other Investments (124):		
NONE		2
Total (Acct. 124):	0	
Special Funds (125):		
WATER TOWER\PLANT UPGRADE FUND	132,043	3
Total (Acct. 125):	132,043	
Notes Receivable (141):		
NONE		4
Total (Acct. 141):	0	
Customer Accounts Receivable (142):		
Water	23,913	5
Electric		6
Sewer (Regulated)		7
Other (specify):		
NONE		8
Total (Acct. 142):	23,913	
Other Accounts Receivable (143):		
Sewer (Non-regulated)	62,008	9
Merchandising, jobbing and contract work		10
Other (specify):		
SERVICE WORK FOR CUSTOMER	96	11
Total (Acct. 143):	62,104	
Receivables from Municipality (145):		
NONE		12
Total (Acct. 145):	0	
Prepayments (165):		
NONE		13
Total (Acct. 165):	0	
Extraordinary Property Losses (182):		
NONE		14
Total (Acct. 182):	0	
Other Deferred Debits (183):		
NONE		15
Total (Acct. 183):	0	

BALANCE SHEET END-OF-YEAR ACCOUNT BALANCES

Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D) and all other lesser amounts grouped as Miscellaneous. Describe fully using other than account titles.

Particulars (a)	Balance End of Year (b)	
Payables to Municipality (233):		
CUSTOMER COLLECTIONS DUE SEWER UTILITY	62,008	16
Total (Acct. 233):	62,008	
Other Deferred Credits (253):		
NONE		17
Total (Acct. 253):	0	

RETURN ON RATE BASE COMPUTATION

1. The data used in calculating rate base are averages.
2. Calculate those averages by summing the first-of-year and the end-of-year figures for each account and then dividing the sum by two.
3. Note: Do not include property held for future use or construction work in progress with utility plant in service. These are not rate base components.

Average Rate Base (a)	Water (b)	Electric (c)	Sewer (d)	Gas (e)	Total (f)	
Add Average:						
Utility Plant in Service	1,082,626	0	0	0	1,082,626	1
Materials and Supplies	4,944	0	0	0	4,944	2
Other (specify):						
NONE					0	3
Less Average:						
Reserve for Depreciation	349,331	0	0	0	349,331	4
Customer Advances for Construction					0	5
Contributions in Aid of Construction	268,176	0	0	0	268,176	6
Other (specify):						
NONE					0	7
Average Net Rate Base	470,063	0	0	0	470,063	
Net Operating Income	14,964	0	0	0	14,964	8
Net Operating Income as a percent of						
Average Net Rate Base	3.18%	N/A	N/A	N/A	3.18%	

RETURN ON PROPRIETARY CAPITAL COMPUTATION

1. The data used in calculating proprietary capital are averages.
2. Calculate those averages by summing the first-of-year and end-of-year figures for each account and then dividing by two.

Description (a)	Amount (b)	
Average Proprietary Capital		
Capital Paid in by Municipality	294,523	1
Appropriated Earned Surplus	0	2
Unappropriated Earned Surplus	398,530	3
Other (Specify):		
NONE		4
Total Average Proprietary Capital	693,053	
Net Income		
Net Income	21,608	5
Percent Return on Proprietary Capital	3.12%	

IMPORTANT CHANGES DURING THE YEAR

Report changes of any of the following types:

1. Acquisitions.

NONE

2. Leaseholder changes.

NONE

3. Extensions of service.

CONSTRUCTION OF WATER EXTENSION OUT TO TNSHIP OF WEST SWEDEN DURING 1998.

COSTS:	MAINS	HYDRANTS	SERVICES
PLANT IN VILLAGE LIMITS	\$32,581	\$11,046	\$2,670
PLANT OUTSIDE VILLAGE LIMITS	-0-	-0-	8,009

CIAC:			
CUSTOMERS SPECIAL ASSMTS	28,015	9,498	9,182

CPIBM	4,566	1,548	1,497
-------	-------	-------	-------

PROJECT INCLUDED 764 L.F. OF MAINS, THREE HYDRANTS AND EIGHT SERVICES. PROJECT WAS FUNDED WITH BY GENERAL FUND OF VILLAGE. VILLAGE GENERAL WILL BE COLLECTING SPECIAL ASSESSMENTS IN THE FUTURE, AND ASSETS WERE RECORDED TO UTILITY RECORDS AS SHOWN ABOVE.

4. Estimated changes in revenues due to rate changes.

ON MAY 1, 1998 THE WI PSC AUTHORIZED A RATE INCREASE TO PROVIDED FOR A 6.0% RATE OF RETURN TO THE UTILITY. THE INCREASE BECAME EFFECTIVE JUNE 30, 1998.

5. Obligations incurred or assumed, excluding commercial paper.

NONE

6. Formal proceedings with the Public Service Commission.

NONE

7. Any additional matters.

NONE

FINANCIAL SECTION FOOTNOTES

Balance Sheet (Page F-05)

AC 132 1/1/98 INVESTMENTS LIQUIDATED DURING YEAR AND DEPOSITED INTO CHECKING.

AC 183 1998 WAS LAST YEAR OF AMORTIZATION OF 1995 WATER TOWER PAINTING--IN THE AMOUNT OF \$10,365 TO REPAIRS ACCOUNT

Accumulated Provision for Depreciation and Amortization of Utility Plant (Page F-07)

June 30, 1999

Mr. Ralph M. Pelle, Secretary
Frederic Municipal Water Utility
107 Oak Street East
Frederic, WI 54837-9574

Re: Review of Utility Plant and Depreciation Expense

Dear Mr. Pelle:

The following matters are brought to your attention resulting from a review of utility plant and depreciation expense in the 1998 annual report.

The Commission adopted benchmark depreciation ranges during 1996. Schedule 15 of the letter dated April 1, 1998, with regard to the staff exhibit for the rate case in docket 2110-WR-102, provided your utility with the computation of 2.12 percent composite rate for computing depreciation expense on the average of total depreciable plant accounts. It appears that your utility did not use the authorized composite depreciation rate of 2.12 percent during 1998, as indicated below.

For 1998, the authorized 2.12 percent composite depreciation rate times the average of first of year and end of year total depreciable plant investment of \$1,079,540 results in total accruals of \$22,886, whereas only \$21,051 is reported on page F-7, lines 4 and 6. The under accrual is \$1,835.

Because the 2.12 percent composite rate was used in the 1998 rate case in docket 2110-WR-102, it is necessary that the under accrual be recorded as an adjusting journal entry during 1999. The adjusting journal entry on the enclosed Schedule 1 should be made in your records, and the 2.12 percent composite depreciation rate should be used beginning in 1999.

If you have any questions, feel free to contact me at (608) 266-1282.

Sincerely,

James P. Luckow
Depreciation Specialist
Division of Water, Compliance, and Consumer Affairs

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FINANCIAL SECTION FOOTNOTES

Contributions in Aid of Construction (Account 271) (Page F-17)

PIONEER SQUARE-TWO 1" SERVICES, VILLAGE PURCHASED PARTS FOR CONTRACTOR AND WAS REFUNDED. COSTS OF MATERIALS \$1,292.48 RECORDED TO SERVICES ACCOUNT AND PAYMENT BY CONTRACTOR IN SAME AMOUNT RECORDED TO CIAC.

THIRD AVENUE EXTENSION PROJECT, RECORDED TO BOOKS VIA CIAC AND CPIBM.
SEE PAGE F-21 FOR DETAIL

DEDUCT CHARGES: DURING 1997 CIAC WERE RECORDED FOR PETERSON EXTENSION PROJECT, A MINOR AMOUNT OF \$543 WAS REFUNDED TO PETERSON IN 1998 FOR 1997 OVERCHARGES.

FINANCIAL SECTION FOOTNOTES

Identification and Ownership (Page iv)

May 20, 1999

Mr. Ralph M. Pelle, Secretary
Frederic Water Commission
107 Oak Street East
P.O. Box 567
Frederic, WI 54837-0567

1998 Analytical Review DWCCA-2110-PJL

Dear Mr. Pelle:

The Public Service Commission has completed their analytical review of your 1998 annual report. The primary purpose of our analytical review is to detect possible accounting related errors and to identify significant fluctuations from prior year's data, which are not sufficiently explained in the footnotes of your annual report.

Analytical Review - Compliance with Large Meter Testing

Wisconsin Administrative Code PSC 185.76 requires periodic testing of customer meters to ensure their accuracy. In reviewing the annual reports we determined that not all of your water meters have been tested at the appropriate frequency. If these meters become inaccurate, considerable revenues are lost. During 1999 we advise your utility to test its meters in compliance with PSC 185.76. If you have questions, please contact Bruce Schmidt at (608) 266-5726.

Thank you for your efforts in preparing your 1998 annual report. You may consider our review closed. If you have any questions, please feel free to contact me at (608) 267-9198.

Sincerely,

Peter J. Leege
Financial Specialist
Division of Water, Compliance, and Consumer Affairs

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WATER OPERATING REVENUES & EXPENSES

Particulars (a)	Amounts (b)	
Operating Revenues		
Sales of Water		
Sales of Water (460-467)	133,521	1
Total Sales of Water	133,521	
Other Operating Revenues		
Forfeited Discounts (470)	692	2
Other Water Revenues (474)	1,293	3
Amortization of Construction Grants (475)	0	4
Total Other Operating Revenues	1,985	
Total Operating Revenues	135,506	
Operation and Maintenance Expenses		
Plant Operation and Maintenance Expenses (600-660)	46,441	5
General Operating Expenses (680-690)	31,982	6
Total Operation and Maintenance Expenses	78,423	
Other Operating Expenses		
Depreciation Expense (403)	19,893	7
Amortization Expense (404)		8
Taxes (408)	22,226	9
Total Other Operating Expenses	42,119	
Total Operating Expenses	120,542	
NET OPERATING INCOME	14,964	

WATER OPERATING REVENUES - SALES OF WATER

1. Where customer meters record cubic feet, multiply by 7.48 to obtain number of gallons.
2. Report estimated gallons for unmetered sales.
3. Sales to multiple dwelling buildings through a single meter serving 3 or more family units should be classified commercial.
4. Bulk sales should be account 460.

Particulars (a)	Average No. Customers (b)	Thousands of Gallons of Water Sold (c)	Amounts (d)	
Operating Revenues				
Sales of Water				
Unmetered Sales to General Customers (460)				
Residential	1	22	62	1
Commercial	4	130	439	2
Industrial	1	57	118	3
Total Unmetered Sales to General Customers (460)	6	209	619	
Metered Sales to General Customers (461)				
Residential	414	18,175	42,930	4
Commercial	82	20,024	28,325	5
Industrial	14	2,106	3,212	6
Total Metered Sales to General Customers (461)	510	40,305	74,467	
Private Fire Protection Service (462)	4		1,632	7
Public Fire Protection Service (463)	1		44,786	8
Other Sales to Public Authorities (464)	15	8,650	12,017	9
Sales to Irrigation Customers (465)				10
Sales for Resale (466)		0	0	11
Interdepartmental Sales (467)				12
Total Sales of Water	536	49,164	133,521	

SALES FOR RESALE (ACCT. 466)

Use a separate line for each delivery point.

Customer Name (a)	Point of Delivery (b)	Thousands of Gallons Sold (c)	Revenues (d)
------------------------------------	--	--	-------------------------------

NONE

OTHER OPERATING REVENUES (WATER)

1. Report revenues relating to each account and fully describe each item using other than the account title.
2. Report each item (when individually or when like items are combined) greater than \$10,000 (class AB), \$5,000 (class C) and \$2,000 (class D and privates) and all other lesser amounts grouped as Miscellaneous.
3. For a combined utility which also provides sewer service that is based upon water readings, report the return on net investment in meters charged to sewer department in Other Water Revenues (474).

Particulars (a)	Amount (b)	
Public Fire Protection Service (463):		
Amount billed (usually per rate schedule F-1)	44,786	1
Wholesale fire protection billed		2
Amount billed for fighting fires outside utility's service areas (usually per rate schedule F-2 or BW-1)		3
Other (specify):		
NONE		4
Total Public Fire Protection Service (463)	44,786	
Forfeited Discounts (470):		
Customer late payment charges	692	5
Other (specify):		
NONE		6
Total Forfeited Discounts (470)	692	
Other Water Revenues (474):		
Return on net investment in meters charged to sewer department	1,175	7
Other (specify):		
SERVICE WORK FOR CUSTOMERS	118	8
Total Other Water Revenues (474)	1,293	
Amortization of Construction Grants (475):		
NONE		9
Total Amortization of Construction Grants (475)	0	

WATER OPERATION & MAINTENANCE EXPENSES

Each expense account that has an increase or a decrease when compared to the previous year of greater than 30 percent, but not less than \$2,000, shall be fully explained in the schedule footnotes.

Particulars (a)	Amount (b)	
PLANT OPERATION AND MAINTENANCE EXPENSES		
Salaries and Wages (600)	18,449	1
Purchased Water (610)		2
Fuel or Power Purchased for Pumping (620)	7,691	3
Chemicals (630)		4
Supplies and Expenses (640)	6,165	5
Repairs of Water Plant (650)	13,356	6
Transportation Expenses (660)	780	7
Total Plant Operation and Maintenance Expenses	46,441	
GENERAL OPERATING EXPENSES		
Administrative and General Salaries (680)	13,975	8
Office Supplies and Expenses (681)	5,380	9
Outside Services Employed (682)	2,068	10
Insurance Expense (684)	2,608	11
Employees Pensions and Benefits (686)	6,957	12
Regulatory Commission Expenses (688)	994	13
Miscellaneous General Expenses (689)		14
Uncollectible Accounts (690)		15
Total General Operating Expenses	31,982	
Total Operation and Maintenance Expenses	78,423	

TAXES (ACCT. 408 - WATER)

When allocation of taxes is made between departments, explain method used.
--

Description of Tax (a)	Method Used to Allocate Between Departments (b)	Amount (c)	
Property Tax Equivalent		20,120	1
Less: Local and School Tax Equivalent on Meters Charged to Sewer Department		565	2
Net property tax equivalent		19,555	
Social Security		2,531	3
PSC Remainder Assessment		140	4
Other (specify): NONE			5
Total tax expense		22,226	

PROPERTY TAX EQUIVALENT (WATER)

1. No property tax equivalent shall be determined for sewer utilities or town sanitary district water utilities.
2. Tax rates are those issued in November (usually) of the year being reported and are available from the municipal treasurer. Report the tax rates in mills to six (6) decimal places.
3. The assessment ratio is available from the municipal treasurer. Report the ratio as a decimal to six (6) places.
4. The utility plant balance first of year should include the gross book values of plant in service, property held for future use and construction work in progress.
5. An "other tax rate" is included in the "Net Local and School Tax Rate Calculation" to the extent that it is local. An example is a local library tax. Fully explain the rate in the Property Tax Equivalent schedule footnotes.
6. The Property Tax Equivalent to be reported for the year is determined pursuant to Wis. Stat § 66.069(1)(c). Report the higher of the current year calculation or the tax equivalent reported in the 1994 PSC annual report, unless, the municipality has authorized a lower amount, then that amount is reported as the property tax equivalent.
7. If the municipality has authorized a lower amount, the authorization description and date of the authorization must be reported in the Property Tax Equivalent schedule footnotes.

Particulars (a)	Units (b)	Total (c)	County A (d)	County B (e)	County C (f)	County D (g)	
County name			Polk				1
SUMMARY OF TAX RATES							2
State tax rate	mills		0.250644				3
County tax rate	mills		4.909726				4
Local tax rate	mills		12.295468				5
School tax rate	mills		13.543950				6
Voc. school tax rate	mills		1.756179				7
Other tax rate - Local	mills		0.000000				8
Other tax rate - Non-Local	mills		0.000000				9
Total tax rate	mills		32.755967				10
Less: state credit	mills		1.888833				11
Net tax rate	mills		30.867134				12
PROPERTY TAX EQUIVALENT CALCULATION							13
Local Tax Rate	mills		12.295468				14
Combined School Tax Rate	mills		15.300129				15
Other Tax Rate - Local	mills		0.000000				16
Total Local & School Tax	mills		27.595597				17
Total Tax Rate	mills		32.755967				18
Ratio of Local and School Tax to Total	dec.		0.842460				19
Total tax net of state credit	mills		30.867134				20
Net Local and School Tax Rate	mills		26.004330				21
Utility Plant, Jan. 1	\$	1,044,247	1,044,247				22
Materials & Supplies	\$	5,083	5,083				23
Subtotal	\$	1,049,330	1,049,330				24
Less: Plant Outside Limits	\$	79,669	79,669				25
Taxable Assets	\$	969,661	969,661				26
Assessment Ratio	dec.		0.797942				27
Assessed Value	\$	773,733	773,733				28
Net Local & School Rate	mills		26.004330				29
Tax Equiv. Computed for Current Year	\$	20,120	20,120				30
Tax Equivalent per 1994 PSC Report	\$	18,973					31
Any lower tax equivalent as authorized by municipality (see note 6)	\$						32
Tax equiv. for current year (see note 6)	\$	20,120					34

WATER UTILITY PLANT IN SERVICE

1. All adjustments, corrections and reclassifications should be reported in Column (f), Adjustments.
2. Explain fully as a schedule footnote the nature of all entries reported in Column (f), Adjustments.
3. Explain as a schedule footnote the dollar additions and retirements reported in Columns (c) and (e) for each account over \$10,000 not supported by statistical schedules.
4. Use only the account titles listed. If the utility has subaccounts other than account 372.1, combine them into one total and detail by subaccount as a schedule footnote.

Accounts (a)	Balance First of Year (b)	Additions During Year (c)	
INTANGIBLE PLANT			
Organization (301)	0		1
Franchises and Consents (302)	0		2
Miscellaneous Intangible Plant (303)	0		3
Total Intangible Plant	0	0	
SOURCE OF SUPPLY PLANT			
Land and Land Rights (310)	2,787		4
Structures and Improvements (311)	0		5
Collecting and Impounding Reservoirs (312)	0		6
Lake, River and Other Intakes (313)	0		7
Wells and Springs (314)	37,200		8
Infiltration Galleries and Tunnels (315)	0		9
Supply Mains (316)	0		10
Other Water Source Plant (317)	0		11
Total Source of Supply Plant	39,987	0	
PUMPING PLANT			
Land and Land Rights (320)	0		12
Structures and Improvements (321)	11,187		13
Boiler Plant Equipment (322)	0		14
Other Power Production Equipment (323)	0		15
Steam Pumping Equipment (324)	0		16
Electric Pumping Equipment (325)	68,403		17
Diesel Pumping Equipment (326)	0		18
Hydraulic Pumping Equipment (327)	0		19
Other Pumping Equipment (328)	1,390	7,681	20
Total Pumping Plant	80,980	7,681	
WATER TREATMENT PLANT			
Land and Land Rights (330)	0		21
Structures and Improvements (331)	0		22
Water Treatment Equipment (332)	3,354		23
Total Water Treatment Plant	3,354	0	
TRANSMISSION AND DISTRIBUTION PLANT			
Land and Land Rights (340)	300		24
Structures and Improvements (341)	0		25

WATER UTILITY PLANT IN SERVICE (cont.)

Accounts (d)	Retirements During Year (e)	Adjustments Increase or (Decrease) (f)	Balance End of Year (g)	
INTANGIBLE PLANT				
Organization (301)			0	1
Franchises and Consents (302)			0	2
Miscellaneous Intangible Plant (303)			0	3
Total Intangible Plant	0	0	0	
SOURCE OF SUPPLY PLANT				
Land and Land Rights (310)			2,787	4
Structures and Improvements (311)			0	5
Collecting and Impounding Reservoirs (312)			0	6
Lake, River and Other Intakes (313)			0	7
Wells and Springs (314)			37,200	8
Infiltration Galleries and Tunnels (315)			0	9
Supply Mains (316)			0	10
Other Water Source Plant (317)			0	11
Total Source of Supply Plant	0	0	39,987	
PUMPING PLANT				
Land and Land Rights (320)			0	12
Structures and Improvements (321)			11,187	13
Boiler Plant Equipment (322)			0	14
Other Power Production Equipment (323)			0	15
Steam Pumping Equipment (324)			0	16
Electric Pumping Equipment (325)			68,403	17
Diesel Pumping Equipment (326)			0	18
Hydraulic Pumping Equipment (327)			0	19
Other Pumping Equipment (328)			9,071	20
Total Pumping Plant	0	0	88,661	
WATER TREATMENT PLANT				
Land and Land Rights (330)			0	21
Structures and Improvements (331)			0	22
Water Treatment Equipment (332)			3,354	23
Total Water Treatment Plant	0	0	3,354	
TRANSMISSION AND DISTRIBUTION PLANT				
Land and Land Rights (340)			300	24
Structures and Improvements (341)			0	25

WATER UTILITY PLANT IN SERVICE

1. All adjustments, corrections and reclassifications should be reported in Column (f), Adjustments.
2. Explain fully as a schedule footnote the nature of all entries reported in Column (f), Adjustments.
3. Explain as a schedule footnote the dollar additions and retirements reported in Columns (c) and (e) for each account over \$10,000 not supported by statistical schedules.
4. Use only the account titles listed. If the utility has subaccounts other than account 372.1, combine them into one total and detail by subaccount as a schedule footnote.

Accounts (a)	Balance First of Year (b)	Additions During Year (c)	
TRANSMISSION AND DISTRIBUTION PLANT			
Distribution Reservoirs and Standpipes (342)	91,640		26
Transmission and Distribution Mains (343)	574,721	32,581	27
Fire Mains (344)	0		28
Services (345)	64,209	12,410	29
Meters (346)	46,981	6,742	30
Hydrants (348)	54,627	13,943	31
Other Transmission and Distribution Plant (349)	0		32
Total Transmission and Distribution Plant	832,478	65,676	
GENERAL PLANT			
Land and Land Rights (370)	0		33
Structures and Improvements (371)	20,621		34
Office Furniture and Equipment (372)	3,175		35
Computer Equipment (372.1)	5,107	410	36
Transportation Equipment (373)	12,205	575	37
Other General Equipment (379)	46,339	4,054	38
Other Tangible Property (390)	0		39
Total General Plant	87,447	5,039	
Total utility plant in service directly assignable	1,044,246	78,396	
Common Utility Plant Allocated to Water Department	0		40
Total utility plant in service	1,044,246	78,396	

WATER UTILITY PLANT IN SERVICE (cont.)

Accounts (d)	Retirements During Year (e)	Adjustments Increase or (Decrease) (f)	Balance End of Year (g)	
TRANSMISSION AND DISTRIBUTION PLANT				
Distribution Reservoirs and Standpipes (342)			91,640	26
Transmission and Distribution Mains (343)			607,302	27
Fire Mains (344)			0	28
Services (345)	75		76,544	29
Meters (346)	1,110		52,613	30
Hydrants (348)	450		68,120	31
Other Transmission and Distribution Plant (349)			0	32
Total Transmission and Distribution Plant	1,635	0	896,519	
GENERAL PLANT				
Land and Land Rights (370)			0	33
Structures and Improvements (371)			20,621	34
Office Furniture and Equipment (372)			3,175	35
Computer Equipment (372.1)			5,517	36
Transportation Equipment (373)			12,780	37
Other General Equipment (379)			50,393	38
Other Tangible Property (390)			0	39
Total General Plant	0	0	92,486	
Total utility plant in service directly assignable	1,635	0	1,121,007	
Common Utility Plant Allocated to Water Department			0	40
Total utility plant in service	1,635	0	1,121,007	

SOURCE OF SUPPLY, PUMPING AND PURCHASED WATER STATISTICS

Month (a)	Sources of Water Supply			Total Gallons All Methods (000's) (e)	
	Purchased Water Gallons (000's) (b)	Surface Water Gallons (000's) (c)	Ground Water Gallons (000's) (d)		
January			4,937	4,937	1
February			4,372	4,372	2
March			4,830	4,830	3
April			5,572	5,572	4
May			6,711	6,711	5
June			8,397	8,397	6
July			9,184	9,184	7
August			7,375	7,375	8
September			7,439	7,439	9
October			4,992	4,992	10
November			4,481	4,481	11
December			4,838	4,838	12
Total for year	0	0	73,128	73,128	
Less: Measured or estimated water used in main flushing and water treatment during year				5,000	13
Less: Other utility use				10,000	14
Other utility use explanation:					15
FOUNTAIN, SKATING RINKS, SWEEPER, FLUSH SEWER MAINS, THAW STORM SEWERS					
Water pumped into distribution system				58,128	16
Less: Water sold				49,164	17
Losses and unaccounted for				8,964	18
Percent unaccounted for to the nearest whole percent (%)				15%	19
If more than 25%, indicate causes and state what action has been taken to reduce water loss:					20
MAIN LEAK ON OAK STREET WEST, REPAIRED OCT 1998. LEAKED MOST OF YEAR.					
NORTH TOWER FLOOD APPROXIMATELY SIX TIMES DURING 1998					
Maximum gallons pumped by all methods in any one day during reporting year				468	21
Date of maximum: 7/27/1998					22
Cause of maximum:					23
SCHOOL SWIMMING POOL FILLED AND GOLF COURSE GREENS WATERED.					
Minimum gallons pumped by all methods in any one day during reporting year				102	24
Date of minimum: 11/15/1998					25
Total KWH used for pumping for the year				89,527	26
If water is purchased: Vendor Name:					27
Point of Delivery:					28

SOURCES OF WATER SUPPLY - GROUND WATERS

Location (a)	Identification Number (b)	Depth in feet (c)	Well Diameter in inches (d)	Yield Per Day in gallons (e)	Currently In Service? (f)	
122 OAK STREET EAST	2	248	12	548,000	Yes	1
508 OAK STREET EAST	3	217	12	468,000	Yes	2
209 SECOND AVENUE NORTH	4	298	12	518,400	Yes	3
300 FIRST AVENUE NORTH	5	311	12	648,000	Yes	4

SOURCES OF WATER SUPPLY - SURFACE WATERS

Location (a)	Identification Number (b)	Intakes			Diameter in inches (e)
		Distance From Shore in feet (c)	Depth Below Surface in feet (d)		
NONE					

1

PUMPING & POWER EQUIPMENT

1. Use a separate column for each pump.
2. Indicate purpose of pump by: P for primary (from source to reservoir, treatment or distribution system), B for booster (from reservoir or treatment to distribution system, or within distribution system), or S for standby pumping equipment.
3. Indicate destination (of water pumped) by: R for reservoir, T for treatment or D for distribution system.

Particulars (a)	Unit A (b)	Unit B (c)	Unit C (d)	
Identification	2	2A	3	1
Location	122 OAK STREET E	122 OAK STREET E	508 BIRCH STREET W	2
Purpose	P	S	P	3
Destination	D	D	D	4
Pump Manufacturer	POMONA	POMONA	POMONA	5
Year Installed	1943	1943	1956	6
Type	VERTICAL TURBINE	VERTICAL TURBINE	VERTICAL TURBINE	7
Actual Capacity (gpm)	400	400	300	8
Pump Motor or Standby Engine Mfr	WESTINGHOUSE	FORD	WESTINGHOUSE	10
Year Installed	1945	1961	1956	11
Type	ELECTRIC	NATURAL GAS	ELECTRIC	12
Horsepower	40	40	40	13

Particulars (a)	Unit D (b)	Unit E (c)	Unit F (d)	
Identification	3A	4	5	14
Location	508 BIRCH ST W	209 SECOND AVENUE N	300 FIRST AVENUE N	15
Purpose	S	P	P	16
Destination	D	D	D	17
Pump Manufacturer	POMONA	JACUZZI	PEERLESS	18
Year Installed	1956	1978	1988	19
Type	VERTICAL TURBINE	SUBMERSIBLE	SUBMERSIBLE	20
Actual Capacity (gpm)	300	400	450	21
Pump Motor or Standby Engine Mfr	FORD	WESTINGHOUSE	WESTINGHOUSE	23
Year Installed	1998	1987	1972	24
Type	OTHER	ELECTRIC	ELECTRIC	25
Horsepower	69	30	40	26

RESERVOIRS, STANDPIPES & WATER TREATMENT

1. Identify as R (reservoir), S (standpipe) & ET (elevated tank).
2. Use a separate column for each using additional copies if necessary.
3. Enter elevation difference between highest water level in S or ET, (or R only on an elevated site) and the water main where the connection to the storage begins branching into the distribution system.

Particulars (a)	Unit A (b)	Unit B (c)	Unit C (d)
Identification number or name	1	2	1
RESERVOIRS, STANDPIPES OR ELEVATED TANKS			2
			3
Type: R (reservoir), S (standpipe) or ET (elevated tank)	ET	ET	4
			5
Year constructed	1913	1972	6
			7
Primary material (earthen, steel, concrete, other)	STEEL	STEEL	8
			9
Elevation difference in feet (See Headnote 3.)	110	128	10
Total capacity in gallons	30,000	200,000	11
WATER TREATMENT PLANT			12
Disinfection, type of equipment (gas, liquid, powder, other)	OTHER	OTHER	13
			14
Points of application (wellhouse, central facilities, booster station, other)	OTHER	OTHER	15
			16
Filters, type (gravity, pressure, other, none)	NONE	NONE	17
			18
Rated capacity of filter plant (m.g.d.) (note: 1,200,000 gal/day = 1.2 m.g.d.)	1.0000	1.0000	19
			20
Is a corrosion control chemical used (yes, no)?	N	N	21
			22
Is water fluoridated (yes, no)?	Y	Y	23
			24
			25

WATER MAINS

1. Report mains separately by pipe material, function, diameter and either within or outside the municipal boundaries.
2. Identify pipe material as: L (Lead), M (Metal for all other metal excluding lead), A (Asbestos-cement), or P (Plastic for plastic and all other non-metal excluding asbestos-cement).
3. Identify function as: T (Transmission), D (Distribution) or S (Supply).
4. Explain all reported adjustments as a schedule footnote.
5. For main additions reported in column (e), as a schedule footnote:
 - a. Explain how the additions were financed.
 - b. If assessed against property owners, explain the basis of the assessments.
 - c. If the assessments are deferred, explain.

Number of Feet								
Pipe Material (a)	Main Function (b)	Diameter in Inches (c)	First of Year (d)	Added During Year (e)	Retired During Year (f)	Adjustments Increase or (Decrease) (g)	End of Year (h)	
M	D	0.750	1,062	0	0	0	1,062	1
M	D	1.000	104	0	0	0	104	2
M	D	1.500	540	0	0	0	540	3
M	D	2.000	3,037	0	0	0	3,037	4
M	D	4.000	3,385	0	0	0	3,385	5
M	D	6.000	42,605	75	0	0	42,680	6
M	D	8.000	12,282	689	0	0	12,971	7
M	D	10.000	3,700	0	0	0	3,700	8
Total Within Municipality			66,715	764	0	0	67,479	
M	D	6.000	110	0	0	0	110	9
M	D	12.000	1,992	0	0	0	1,992	10
Total Outside of Municipality			2,102	0	0	0	2,102	
Total Utility			68,817	764	0	0	69,581	

WATER SERVICES

1. Explain all reported adjustments as a schedule footnote.
2. Report in column (h) the number of utility-owned services included in columns (c) through (g) which are temporarily shut off at the curb box or otherwise not in use at end of year.
3. For services added during the year in column (d), as a schedule footnote:
 - a. Explain how the additions were financed.
 - b. If assessed against property owners, explain the basis of the assessments.
 - c. If installed by a property owner or developer, explain the basis of recording the cost of the additions, the total amount and the number of services recorded under this method.
 - d. If any were financed by application of Cz-1, provide the total amount recorded and the number of services recorded under this method.
4. Report services separately by pipe material and diameter.
5. Identify pipe material as: L (Lead), M (Metal for all other metal excluding lead), A (Asbestos-cement) or P (Plastic for plastic and all other non-metal excluding asbestos-cement).

Pipe Material (a)	Diameter in Inches (b)	First of Year (c)	Added During Year (d)	Removed or Permanently Disconnected During Year (e)	Adjustments Increase or (Decrease) (f)	End of Year (g)	Utility Owned Services Not In Use at End of Year (h)	
M	0.750	489	4	1	0	492	17	1
M	1.000	9	9	0	0	18		2
M	4.000	8		0	0	8		3
M	6.000	13	0	0	0	13	4	4
Total Utility		519	13	1	0	531	21	

METERS

1. Include in Columns (b), (c), (d), (e) and (f) meters in stock as well as those in service.
2. Report in Column (c) all meters purchased during the year and in Column (d) all meters junked, sold or otherwise permanently retired during the year.
3. Use Column (e) to show correction to previously reported meter count because of inventory or property record corrections.
4. Totals by size in Column (f) should equal same size totals in Column (o).

Number of Utility-Owned Meters

Size of Meter (a)	First of Year (b)	Added During Year (c)	Retired During Year (d)	Adjustments Increase or (Decrease) (e)	End of Year (f)	Tested During Year (g)	
0.625	525	84	29	0	580	13	1
1.000	11	1	1	(1)	10	0	2
1.250	3	1	0	(1)	3	0	3
1.500	4	0	0	0	4	0	4
2.000	7	0	0	(2)	5	0	5
3.000	8	0	0	0	8	1	6
4.000	2	0	0	0	2	0	7
6.000	4	0	0	0	4	0	8
Total:	564	86	30	(4)	616	14	

Classification of All Meters at End of Year by Customers

Size of Meter (h)	Residential (i)	Commercial (j)	Industrial (k)	Public Authority (l)	Wholesale, Inter-Department or Utility Use (m)	In Stock and Deduct Meters (n)	Total (o)	
0.625	377	59	11	8	0	125	580	1
1.000	1	6	3	0	0	0	10	2
1.250	0	3	0	0	0	0	3	3
1.500	0	4	0	0	0	0	4	4
2.000	0	3	0	2	0	0	5	5
3.000	0	3	0	5	0	0	8	6
4.000	0	1	0	1	0	0	2	7
6.000	0	0	0	0	4	0	4	8
Total:	378	79	14	16	4	125	616	

HYDRANTS AND DISTRIBUTION SYSTEM VALVES

1. Distinguish between fire and flushing hydrants by lead size.
 - a. Fire hydrants normally have a lead size of 6 inches or greater.
 - b. Record as a flushing hydrant where the lead size is less than 6 inches or if pressure is inadequate to provide fire flow.
2. Explain all reported adjustments in the schedule footnotes.
3. Report fire hydrants as within or outside the municipal boundaries.

Hydrant Type (a)	Number In Service First of Year (b)	Added During Year (c)	Removed During Year (d)	Adjustments Increase or (Decrease) (e)	Number In Service End of Year (f)	
Fire Hydrants						
Outside of Municipality	6				6	1
Within Municipality	95	5	1		99	2
Total Fire Hydrants	101	5	1	0	105	
Flushing Hydrants						
	0				0	3
Total Flushing Hydrants	0	0	0	0	0	

Wis. Admin. Code § 185.87 requires that a schedule shall be adopted and followed for operating each system valve and hydrant at least once each two years. Report the number operated during the year

Number of hydrants operated during year:	105
Number of distribution system valves end of year:	173
Number of distribution valves operated during year:	73

WATER OPERATING SECTION FOOTNOTES

Water Operating Revenues - Sales of Water (Page W-02)

COMMERCIAL UNMETERED-THREE OF THE FOUR COSTOMERS WERE METERED IN THE FOURTH QUARTER OF 1998.

Water Operation & Maintenance Expenses (Page W-05)

AC 650 1997 COSTS INCLUDED NEARLY \$7,000 TO PULL AND REPAIR PUMP AND REFURBISH WELL #2

AC 681 INCLUDES SOFTWARE UPGRADES WHICH DIDN'T HAVE IN PRIOR YEARS

Property Tax Equivalent (Water) (Page W-07)

PROPERTY TAX EQUIVALENT-PLANT OUTSIDE LIMITS: THE VALUE OF THE PLANT OUTSIDE THE VILLAGE LIMITS WAS MISTAKENLY OMITTED FROM THE CALCULATION OF THE 1997 TAX EQUIVALENT. WE NOTED THIS DURING OUR CALCULATION OF THE 1998 TAX EQUIVALENT AND WILL INCLUDE AGAIN IN THE AMOUNT OF \$79,669.

Water Utility Plant in Service (Page W-08)

AC 328 COSTS OF \$7,681 TO ENABLE WELL NUMBER THREE TO RUN OFF OF AUXILIARY POWER

AC372.1-PURCHASE OF PRINTERS

AC 373 PURCHASE OF FLATBED TRAILER

AC379 INFRATECH MAIN LOCATOR \$2,946.10, AND TEST RATE INDICATOR \$1,107.96

Water Mains (Page W-15)

1998 ADDITIONS DONE AS PART OF THE THIRD AVENUE PROJECT AS DETAILED ON PAGE F-21.

Water Services (Page W-16)

THREE 3\4" SERVICES FUNDED BY UTILITY

TWO 1' SERVICES FUNDED BY PIONEER SQUARE CONTRACTOR

SEVEN 1' SERVICES PART OF THIRD AVENUE EXTENSION AS EXPLAINED ON PG F-21
ONE 3\4 SERVICE PART OF THIRD AVENUE EXTENSION AS EXPLAINED ON PG F-21

Meters (Page W-17)

ADJUSTMENTS NOTED IN RECONCILING METER INVENTORY TO METERS REPORTED IN BILLING JOURNALS

Hydrants and Distribution System Valves (Page W-18)

NUMBER OF DISTRIBUTION VALVES OPERATED WERE LESS THAN THE 50% REQUIRED, CREW UNABLE TO FIND TIME IN 1998 TO ACHIEVE THAT GOAL
